

**RESOLUTION FOR AN ENDURING ALLEVIATION OF AFRICA'S
DEBT PROBLEMS**

The Assembly of Heads of State and Government, of the Organization of African Unity, meeting in its 25th Ordinary Session from 24 to 26 July, 1989 in Addis Ababa, Ethiopia,

Recalling the Lagos Plan of Action and the Final Act of Lagos adopted by the Assembly of Heads of State and Government at its Special Session at Lagos, Nigeria in 1980,

Noting the African Priority Programme for Economic Recovery (APPER) and the United Nations programme of Action for Africa's Economic Recovery and Development (UNPAAERD),

Recalling also the Assembly of Heads of State and Government meeting at its Special Session on Africa's External Indebtedness in 1987 at which it was decided to convene an International Conference on Africa's External Debt Problems,

Gravely Concerned with Africa's economic situation which continues to worsen in spite of the determined efforts made by Member States to deal with the dismal state of their economies, especially the excruciating debt burden, which has stunted growth and development and engendered political instability in some African Countries:

1. **WELCOMES** the various debt initiatives, especially the recent debt cancellation offers by President François Mitterrand of France and president George Bush of the United States;
2. **RECOGNIZES**, however, that much more debt relief has to be granted to the debt-distressed countries in Africa.
3. **CALLS UPON** the international community to urgently evolve a more comprehensive strategy to address all aspects of Africa's debt problems, both official and commercial loans, on an enduring basis;

- 4. URGES creditor countries to write-off the official debt owed from then by African countries, in view of their generalized poverty and the attendant economic structures that are fragile and obsolete together with the low per capita incomes which now make them qualify as low-income or debt-distressed countries:**
- 5. RECOMMENDS THAT:**
 - a) the World Bank should make at least 50 per cent of the resources under IDA-Ninth Replenishment available to African countries to relieve their debt burden; and**
 - b) the International Monetary Fund (IMF) and the World Bank should make resources available under the SAF, ESAP and the sub-Saharan African Facility to countries with overdue debt service obligations to the two institutions, so that repurchases can be undertaken by the affected countries with the advantage of enjoying the relief inherent in those facilities;**
- 6. URGES the developed countries to establish a Special AID Consultative Group under the United Nations Economic Commission for Africa, with the active support of the World Bank, IMF and the African Development Bank (ADB);**
- 7. URGES FURTHER the donor and creditor countries to provide financial assistance under the Special Aid Consultative Group to distressed African countries, and that the proceeds of the financial assistance should be used to effect debt service obligations to those institutions where debt cannot be rescheduled or written off;**
- 8. RECOMMENDS also:**
 - a) the establishment of an international debt purchasing institution or agency, under the aegis of the IMF and the World Bank to purchase the existing commercial bank debt of African countries at substantial**

discounts reflecting market rates, while the discounts so realized should be passed on to the obligators; and

b) that the transactions should be financed partly with voluntary contributions from the developed countries and with uncommitted resources under the specialized facilities of the World Bank and the IMF, with low or no conditionality attachment;

9. URGES also the creditor countries, in the meantime, to take urgent necessary action to moderate interest rates, so as to prevent a further build-up in Africa's debt stock;

10. INVITES African countries which are not already doing so to embark to appropriate comprehensive structural reforms and so strengthen their macro-economic management, in order to reverse capital flight, stimulate sustained growth and enhance balance-of-payment viability.

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